

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION FOR AN)	
ALTERNATIVE RATE ADJUSTMENT FOR)	CASE NO.
JACKSON ENERGY COOPERATIVE PURSUANT)	2024-00324
TO 807 KAR 5:078)	

ORDER

On December 11, 2024, Jackson Energy Cooperative Corporation (Jackson Energy) filed a second amended application¹ and motion for deviation² seeking to cure deficiencies identified in the Commission's December 10, 2024 Order³ rejecting its amended application for an alternative rate adjustment pursuant to 807 KAR 5:078.

LEGAL STANDARD

Administrative regulation 807 KAR 5:078⁴ establishes an alternative procedure for rural electric cooperatives to apply for rate adjustments. The regulation allows cooperatives to request modest rate increases under specific conditions and outlines the necessary documentation and procedures for filing such applications. Commission regulation 807 KAR 5:078 Section 10(1)⁵ of the regulation provides that a utility may request an exception to any of the regulation's requirements for good cause shown.

¹ Jackson Energy's Second Amended Application (Second Amended Application) (filed Dec. 10, 2024).

² Jackson Energy's Motion for Deviation (Motion) (filed Dec. 10, 2024).

³ Order (Ky. PSC Dec. 10, 2024).

⁴ 807 KAR 5:078 Alternative Rate Adjustment for Electric Cooperatives.

⁵ 807 KAR 5:078 Section 10 (1).

DISCUSSION AND FINDINGS

The Commission finds that Jackson Energy's motion for deviation from 807 KAR 5:078, Section 2(1) should be granted based on several factors. Jackson Energy has provided its OTIER metrics from 2013 through 2022, documenting metrics consistently above the 1.10 level required by its lenders.⁶ Jackson Energy argued that its financial stability during this period did not necessitate a rate adjustment until the dramatic decline to 0.04 in 2023, primarily due to weather-related impacts.⁷ This historical financial performance provides context for why an earlier rate case was not pursued.

Additionally, Jackson Energy provided a statement reflecting good faith efforts in its compliance efforts. The Commission has now clarified that Jackson Energy's 2019 revenue neutral case did not qualify as a base rate adjustment under the current regulation; specifically, the overall revenue increase was zero and no change in the rate allocation was requested. Rather Jackson Energy only proposed a change in the rate design within a rate class,⁸ which created a situation wherein Jackson Energy was exempt from a thorough financial review by the Commission. Moving forward, an alternative base rate adjustment for electric cooperatives is specifically defined under 807 KAR 5:078 Section 1 (4).⁹ Jackson Energy's has stated that its 2019 adjustment was made in good faith and argues that a full rate case under 807 KAR 5:001, Section 16, instead of proceeding under the streamlined procedure, would impose unnecessary costs on

⁶ Motion at 3.

⁷ Motion at 3.

⁸ Case No. 2019-00066, *Electronic Application of Jackson Energy Cooperative Corporation for A General Adjustment in Existing Rates* (Ky. PSC June 10, 2019), final Order at 6.

⁹ 807 KAR 5:078 Section 1 (4).

cooperative members without providing additional benefits.¹⁰ This consideration aligns with the regulation's fundamental purpose of providing "a simplified and less expensive procedure" for cooperatives to seek rate adjustments.¹¹

Further, the Commission finds that Jackson Energy has adequately addressed the requirements of 807 KAR 5:078, Section 3(2) through its detailed explanation in Exhibit 31 of the application regarding why five or more years have elapsed since its most recent general rate adjustment.¹²

IT IS THEREFORE ORDERED that:

1. Jackson Energy's motion for deviation from the requirements of 807 KAR 5:078, Section 2(1) is granted.
2. Jackson Energy's application for an alternative rate adjustment for electric cooperatives pursuant to 807 KAR 5:078 is accepted for filing as of the date of this Order.
3. The 75-day review period established in 807 KAR 5:078 shall begin as of the issuance date of this Order.
4. The procedural schedule set forth in the Appendix attached to this Order shall be followed.
5. Jackson Energy's 2022 and 2023 Annual Reports are incorporated by reference into the record of this proceeding.

¹⁰ Motion at 4.

¹¹ 807 KAR 5:078 Necessity, Function and Conformity.

¹² Second Amended Application, Exhibit 31.

6. Jackson Energy shall respond to all requests for information propounded by Commission Staff, whether identified on the procedural schedule or otherwise, as provided in those requests.

7. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-000856 regarding filings with the Commission.¹³

8. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding that is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts that the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement

¹³ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

9. Any motion to intervene filed after the date established in the procedural schedule attached as an Appendix to this Order shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PUBLIC SERVICE COMMISSION

Chairman

John Will Stacy

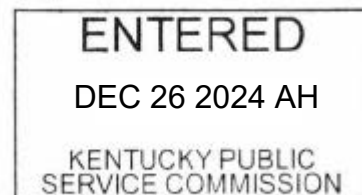
Commissioner

May Pat Reagan

Commissioner

ATTEST:

Linda Birdwell *RP*
Executive Director



Case No. 2024-00324

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00324 DATED DEC 26 2024

Last day for intervention requests to be accepted..... 01/06/2025

All requests for information to Jackson Energy
shall be filed no later than 01/16/2025

Jackson Energy shall file responses to requests
for information no later than 01/30/2025

Any written comments regarding Jackson Energy's application
shall be filed no later than 02/06/2025

This case shall be submitted for a decision on..... 02/14/2025

*Carol Wright
President & CEO
Jackson Energy Cooperative Corporation
115 Jackson Energy Lane
McKee, KY 40447

*Clayton O Oswald
Taylor, Keller & Oswald, PLLC
1306 West Fifth Street, Suite 100
Post Office Box 3440
London, KENTUCKY 40743-3440

*John Wolfram
Catalyst Consulting
3308 Haddon Rd
Louisville, KENTUCKY 40241

*Jackson Energy Cooperative Corporation
115 Jackson Energy Lane
McKee, KY 40447

*Ryan Henderson
Jackson Energy Cooperative Corporation
115 Jackson Energy Lane
McKee, KY 40447